

19 Jan - Nothing has happened on this bill

Approved For Release 2002/01/02 : CIA-RDP59-00224A000200410001-8

NOTICE OF PENDING LEGISLATION

DATE

LEGISLATIVE BILL NO.

H. R. 4933

SECTION I

GENERAL

TO : Director of Logistics

FROM: LEGISLATIVE COUNSEL  
OFFICE OF GENERAL COUNSEL

THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:

☐ SENT TO YOU FOR INFORMATION ONLY.

☐ A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION: ☐ IS ☒ IS NOT PREDICTED.

☒ SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED.

IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY

FOLD  
HERE

SECTION II

COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL  
OFFICE OF GENERAL COUNSEL

FROM: Director of Logistics

Comment on H. R. 4933 is as follows:

1. This bill which was introduced in the House would permit State and local Governments to tax the private interest in property, work in process, and inventories acquired by the Federal Government but in the possession of contractors with the Federal Government.

2. The Office of Logistics considers that this proposed legislation will definitely increase the cost to the Government of obtaining supplies and services by contract. It is believed that H.R. 4933 will inject a great deal of uncertainty in the field of State and local taxation of Government contracts.

3. The typical Government cost-plus-fixed-fee contract using a prescribed Armed Services Procurement Regulation property clause provides for the early passage of title to the Government on personal property, supplies and materials acquired by the contractor for use on the contract. Heretofore the question of Government title in the material or property has been the deciding factor as to whether or not local taxes could be assessed. H.R. 4933 appears to disregard the question of title and establishes in lieu thereof, a new criteria measured by the amount due and unpaid or to become due to the manufacturer under the contract. Stated in other words, the private property interest of the Government contractor is to be measured not by passage of title but by the amount due the contractor.

4. It is believed that H.R. 4933 would introduce a new concept of private property interest in Government property in the possession of Government contractors and would necessarily increase the cost to the Federal Government by permitting State and local Governments to tax Government property. To this extent, therefore, the Office of Logistics objects to the proposed legislation.

STATINTL  
STATINTL

DATE OF COMMENTS

SIGNATURE AND TITLE

JAMES A. GARRISON

EXTENSION

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Director of Logistics

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H. R. 4933

## SECTION I

## GENERAL

TO :

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OFFICE OF GENERAL COUNSEL

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## SECTION II

## COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL  
OFFICE OF GENERAL COUNSEL

FROM:

15 March 1955

84/1

Mr. McDonough of California

To permit local taxation of the private interest in personal property and work in process and inventories of material acquired by the Federal Government for military security and the national defense but in the possession of contractors with the Federal Government.

Distribution:

1 - Dir of Logistics

11 April '55

STATINTL

DATE OF COMMENTS

SIGNATURE AND TITLE

EXTENSION

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84TH CONGRESS  
1ST SESSION

# H. R. 4933

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 1955

Mr. McDONOUGH introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To permit local taxation of the private interest in personal property and work in process and inventories of material acquired by the Federal Government for military security and the national defense but in the possession of contractors with the Federal Government.

Whereas that with regard to artillery, ordnance, and other products and work in process of manufacture for military security and the national defense and inventories of materials and supplies, title to which is acquired by the Federal Government but in the possession of manufacturers, under contract with the United States Government and various Federal departments and agencies, to permit the States and lesser agencies to tax and to validate their taxation of the private interest therein of the contractors: Therefore

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

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1 That this Act may be cited as "An Act to permit local  
2 taxation of the private interest in personal property and  
3 work in process and inventories of material acquired by the  
4 Federal Government for military security and the national  
5 defense but in the possession of contractors with the Federal  
6 Government."

7 SEC. 2. The Congress declares that it is the policy of  
8 the Federal Government in carrying out the national pro-  
9 gram of military security and national defense to avoid  
10 insofar as feasible the impairment of the finances of State  
11 and local government through the contracting for, or acquisi-  
12 tion or ownership of, military products, and inventories and  
13 supplies.

14 The Congress further declares that in the activities  
15 referred to in the preceding paragraph the Federal Govern-  
16 ment does not purpose or intend to render exempt or im-  
17 mune to taxation private interests in the property referred to.

18 SEC. 3. As used in this Act, the following terms shall  
19 have the meanings, respectively ascribed to them below, and  
20 unless the context clearly indicates otherwise shall include  
21 the plural as well as the single number.

22 (a) "Federal Government" means the United States  
23 of America and the government thereof, including all its  
24 departments, agencies, boards and commissions and all cor-

1 porations subject now or hereafter to the provisions of title I  
2 of the Government Corporation Contract Act, as amended.

3 (b) "National defense" means the operation or activ-  
4 ities of the Armed Forces or any Government department  
5 or agency directly or indirectly and substantially concerned  
6 with the national defense or operations or activities in con-  
7 nection with the Mutual Defense Assistance Act of 1949,  
8 as amended.

9 (c) "Acquired" means to vest title in the Federal Gov-  
10 ernment by purchase, donation, allocation or appropriation,  
11 or designation.

12 (d) "States" means the several States of the United  
13 States of America.

14 (e) "Local government" or "local taxing unit" means  
15 any county, city, municipality or other political subdivision  
16 or public entity of any State having authority under State  
17 laws to assess property or levy taxes thereon.

18 (f) Unless the context indicates otherwise, "tax" means  
19 a levy of general application upon property according to  
20 value and "taxation" means the imposition of such a tax.

21 (g) "Private property interest" means the interest of  
22 the manufacturer in the personal property and/or work in  
23 process and/or inventories of material therefor. Such pri-  
24 vate property interest is declared and conceded to exist and

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1 the value thereof to be measured by the amount due and  
2 unpaid or to become due to the manufacturer under the  
3 contract.

4 SEC. 4. Whenever the Federal Government shall ac-  
5 quire title to artillery, ordnance, or other products, or the  
6 materials or supplies for manufacture thereof under contract  
7 for the manufacture of products for military security or the  
8 national defense, consent is hereby granted to all State and  
9 local governments to tax such manufacturers their portion  
10 of private property interest in such artillery, ordnance, and  
11 other products and in the said materials and supplies.

12 SEC. 5. Any taxes of the kind in section 4 above pro-  
13 vided for, heretofore levied or collected are hereby fully au-  
14 thorized and validated.

15 SEC. 6. Insofar as the provisions of any other law are in-  
16 consistent with the provisions of this Act, the provisions of  
17 this Act shall be controlling.

18 SEC. 7. If any provisions of this Act or the application  
19 thereof to any person or circumstances is held invalid, the  
20 remainder of this Act and the application of such provisions  
21 to other persons or circumstances shall not be affected  
22 thereby.

23 SEC. 8. This Act shall become effective on the date of  
24 its enactment.

84TH CONGRESS  
1ST SESSION

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### A BILL

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By Mr. McDONOUGH

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MARCH 15, 1955

Referred to the Committee on Ways and Means